MIDVAAL LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2007

I am responsible for the preparation of these financial statements, which are set out on pages 1 to 31 in terms of Section 123(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 17 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

ASA De Klerk
Acting Municipal manager **Date:** **31 August 2007**

MIDVAAL LOCAL MUNICIPALITY

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MIDVAAL LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Note	2007	Restated 2006
RESERVES AND LIABILITIES		R	R
Reserves		(539 937 780)	(560 009 612)
Government grant reserve		(95 781 978)	(88 828 787)
Reserve and funds / Capital replacement reserve		(48 948 400)	(35 273 358)
Donations and public contributions reserves		(12 482 156)	(4 337 480)
Accumulated surplus		(382 725 246)	(431 569 987)
Non-current liabilities		(24 869 412)	(19 444 314)
Long-term liabilities	1	(24 869 412)	(19 444 314)
Current liabilities		(83 315 979)	(69 401 070)
Consumer deposits	2	(5 410 826)	(4 710 977)
Provisions	3	(5 163 372)	(5 843 372)
Trade payables	4	(64 474 167)	(51 454 530)
Unspent conditional grants and receipts	5	(4 858 145)	(4 905 424)
Current portion of long-term liabilities	1	(3 409 469)	(2 486 767)
Total Reserves and Liabilities		(648 123 171)	(648 854 996)
ASSETS			
Non-current assets		574 574 483	606 688 079
Property, plant and equipment	6	536 574 483	567 688 079
Investments	7	38 000 000	39 000 000
Current Assets		73 548 688	42 166 917
Inventory	8	84 210	89 702
Consumer receivables	9	51 593 117	28 239 762
Other receivables	10	12 971 751	8 008 356
Bank balances and cash	11	8 899 610	5 829 097
Total Assets		648 123 171	648 854 996

MIDVAAL LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	Restated 2006 R
REVENUE			
Property rates	12	(49 185 475)	(44 201 940)
Service charges	13	(122 310 793)	(107 109 587)
Rental of facilities and equipment		(420 300)	(865 616)
Interest earned - external investments		(4 510 822)	(3 620 099)
Interest earned - outstanding debtors		(3 405 314)	(3 008 467)
Government grants and subsidies	14	(50 944 130)	(35 478 453)
Fines		(1 851 764)	(1 389 436)
Other income	15	(20 701 107)	(18 512 826)
Public contributions and donations		(21 856 484)	(19 283 274)
Total Revenue		(275 186 189)	(233 469 698)
EXPENDITURE			
Employee related costs	16	73 696 482	64 819 555
Remuneration of councillors	17	3 470 018	2 093 675
Bad debts		123 000	1 387 048
Depreciation	6	67 790 883	-
Repairs and maintenance		18 315 379	19 379 909
Interest paid	18	2 493 635	2 268 205
Bulk purchases	19	65 713 662	56 209 824
Contracted services		24 025 214	16 242 880
Grants and subsidies paid	20	48 422	52 795
General expenses	21	39 581 326	51 915 389
Total Expenditure		295 258 021	214 369 280
DEFICIT/(SURPLUS) FOR THE YEAR		20 071 832	(19 100 418)

MIDVAAL LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 30 JUNE 2007

	Pre-GAMAP Old Reserves and Funds	Public Contributions Reserve	Grant Reserve	Capital Replacement Reserve	Surplus/ (Deficit)	Total
	R	R	R	R	R	R
2006						
Balance at 1 July 2005	(23 215 155)	-	-	-	(4 433 767)	(27 648 922)
Surplus for the year as restated (Note 22)					(19 100 418)	(19 100 418)
Transfers from/to old reserves/accumulated surplus						
Contribution to Funds	(1 387 049)	-	-	-	1 387 049	-
Operating expenditure directly from Funds	1 744 255	-	-	-	(1 744 255)	-
Bulk contributions (Other income Funds)	(2 354 892)	-	-	-	2 354 892	-
Other income directly to Funds (Other income Funds)	(15 541 333)	-	-	-	15 541 333	-
Capital Expenditure directly against Reserves	5 693 051	-	-	-	-	5 693 051
Property, plant and equipment purchased from grants	-	-	-	-	13 970 706	13 970 706
Interest on external investments	(212 235)	-	-	-	212 235	-
Redemption of external loans	-	-	-	-	2 548 991	2 548 991
	(35 273 358)	-	-	-	**10 736 766**	**(24 536 592)**
Other Restatements						
Restatement of Fixed assets (Note 6 and 22)	-	-	-	-	(284 081 561)	(284 081 561)
Prior year restatement (Note 22)	35 273 358	-	-	(35 273 358)	-	-
Loans redeemed and other capital receipts (Note 22)	-	(4 337 480)	(88 828 787)	-	(160 951 963)	(254 118 230)
Prior year restatement: Current liabilities (Note 22)	-	-	-	-	2 726 771	2 726 771
Restated balance as at 1 July 2006	-	**(4 337 480)**	**(88 828 787)**	**(35 273 358)**	**(431 569 987)**	**(560 009 612)**
2007						
Deficit for the year	-	-	-	-	20 071 832	20 071 832
Capital grants used to purchase PPE	-	(8 341 294)	(14 446 749)		22 788 043	0
Depreciation for the year	-	196 618	7 493 558	-	(7 690 176)	0
Land and other contributions received	-	-	-	(21 853 484)	21 853 484	0
Portions utilised during the year				8 178 442	-8 178 442	0
Balance at 30 June 2007	-	**(12 482 156)**	**(95 781 978)**	**(48 948 400)**	**(382 725 246)**	**(539 937 780)**

MIDVAAL LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 R	Restated 2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		**50 944 130**	**35 478 453**
Cash received from service		**185 664 784**	**198 392 549**
Cash paid to suppliers and employees		**(209 631 415)**	**(242 724 120)**
Cash generated from (utilised in) operations		**26 977 499**	**(8 853 118)**
Interest received		**7 916 136**	**6 628 566**
Interest paid		**(2 493 635)**	**(2 268 205)**
NET CASH FROM OPERATING ACTIVITIES	**24**	**32 400 000**	**(4 492 757)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	**6**	**(36 677 287)**	**594 510**
Decrease in non-current investments		**1 000 000**	**6 060 000**
NET CASH FROM INVESTING ACTIVITIES		**(35 677 287)**	**6 654 510**
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		**6 347 800**	**2 451 009**
NET CASH FROM FINANCING ACTIVITIES		**6 347 800**	**2 451 009**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**3 070 513**	**4 612 762**
Cash and cash equivalents at the beginning of the year		**5 829 097**	**1 216 335**
Cash and cash equivalents at the end of the year		**8 899 610**	**5 829 097**

Due to the number of restatements made (refer note 22). The prior year cash flow statement was restated accordingly.

MIDVAAL LOCAL MUNICIPALITY
ACCOUNTING POLICY FOR THE YEAR ENDED 30 JUNE 2007

1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

These standards are summarized as follows:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GAMAP 4	Effects of changes in foreign exchange rates
GAMAP 7	Accounting for investments in associates
GAMAP 8	Financial reporting of interests in joint ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, plant and equipment
GAMAP 19	Provisions, contingent liabilities and contingent assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP and or GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. RESERVES

4.1 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance.

When an item of PPE financed from government grants is disposed, the balance in the GGR relating to such items is transferred to the accumulated surplus/(deficit).

4.2 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and Public Contributions Reserve.

When items of property, plant and equipment financed from public contributions and donations, the balance relating to such item is transferred to the accumulated surplus/(deficit).

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation. Land is not depreciated as it is deemed to have an indefinite life. Land and buildings were recognized as items of property, plant and equipment.

Accounting Policy for the 2005/06 financial year:

The carrying values of items of property, plant and equipment have not been adjusted with impairment losses as no impairment testing was done. The useful lives and residual values of assets classified as property, plant and equipment were not reviewed at financial year-end.

Accounting Policy for the 2006/07 financial year:

In terms of the exemptions granted by the Minister of Finance no review of useful life of items of PPE or the depreciation method applied to PPE was done as is required by GAMAP 17. No impairment testing was done for non-cash-generating assets as well as cash-generating assets due to the application of an exemption of IAS 36/AC 128 granted in Gazette 30013.

The municipality is exempt from IAS 40 (AC 135) as it has not recognized any property as investment property but as property, plant and equipment in terms of GAMAP 17. It only recognizes its property as investment property when it is certain that it meets the definition of investment property.

Subsequent expenditure is capitalized when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

Other	
Buildings	30
Motor vehicles	5
Office equipment/computers	3 - 5
Furniture and fittings	3 - 5

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognized in the Statement of Financial Performance.

6. INVENTORY

Accounting policy for 2005/06 financial year

Any purified water stock on hand at the end of the financial year was not recognized as Inventory in terms of GAMAP 12.

The municipality does not recognize any immovable capital asset as inventory but as property, plant and equipment in terms of GAMAP 17. It only recognizes an immovable capital asset as inventory if it is satisfied that the item is in actual fact inventory.

Accounting policy for 2006/07 financial year

The municipality is exempt from recognizing and disclosing self-purified water stock on hand at the end of the financial year as inventory in terms of GAMAP 12.

The municipality is exempt from recognizing an immovable capital asset as inventory in accordance with GAMAP 12 if it has recognized an immovable capital asset as property, plant and equipment in terms of GAMAP 17 and has not satisfied itself that the item is in actual fact inventory.

7. INVESTMENTS

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Accounting policy for 2005/06 financial year:

No impairment testing of assets is done to determine impairment losses that should be recognized as an expense in the period that the impairment is identified.

Accounting policy for 2006/07 financial year

The municipality does not test for impairment of assets as it is exempted from IAS 36 (AC128) in entirety.

8. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realizable value. An estimate is made for doubtful receivables bases on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

9. TRADE CREDITORS

Trade creditors are stated at their nominal value.

10. REVENUE RECOGNITION

10.1 Revenue from non-exchange transactions

Donations are recognized on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorized, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognized when the recovery thereof is approved by Council.

Accounting policy for 2005/06 financial year

No initial measurement of fair value by discounting all future receipts using an imputed rate of interest is done. Revenue from the sale of goods and services are recognized at its face value/cost.

Accounting policy for 2006/07 financial year

Exemption is granted by the Minister of Finance from paragraph 12 of GAMAP 9 in initial measurement of fair value of revenue by discounting all future receipts using an imputed rate of interest. The initial recognition at fair value in accordance with GAMAP 9 and IAS 39/AC 133 is exempt. The municipality recognizes revenue from the sale of goods and services at its face value. Any payables from the purchase of goods and services are also recognized at face value/cost.

11. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognized as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions and obligations are met.

12. PROVISIONS

Provisions are recognized when the Municipality has a present or constructive obligation as a result of past or future events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate is done.

13. CASH AND CASH EQUIVALENTS

Cash is cash on hand and cash with banks. Cash equivalents are all short-term liquid investments that are held with registered banking institutions and are subject to an insignificant risk of change in value.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, investments in financial instruments and net of bank overdraft.

14. UNAUTHORISED EXPENDITURE

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from

another sphere of government, municipality or organ of state and expenditure in the form of a grant that will finance such expenditure.

15. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 2998) or is in contravention of the Municipality.

16. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where such a recommendation is tabled by the Audit Committee to Council.

17. COMPARATIVE INFORMATION

17.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current year only.

17.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

18. LEASES

Accounting policy for 2005/06 financial year

Operating lease payments are recognized on the basis of the cash flows in the lease agreement.

Accounting policy for 2006/07 financial year

Exempted from recognizing operating lease payments on a straight-line basis if the amounts are recognized on the basis of the cash flows in the lease agreement (IAS 17 (AC 105).

19. EXEMPTIONS

19.1 Full advantage

The municipality had taken full advantage of all the exemptions by the Minister of Finance in Government Gazette 30013 of 29 June 2007. These exemptions are for the 2006/07 and 2007/08 financial years.

19.2 Adjustment for full compliance

By complying fully with the standards that are now exempted and of which full advantage has been taken will result in changes in the following:

19.2.1 Statement of Financial performance:

- Impairment loss/gain
- Changes in fair value of assets
- Adjustment expenditure for intangible assets

19.2.2 Statement of Financial position:

- Property, plant and equipment adjusted for Impairment
- Property, plant and equipment adjusted for intangible assets
- Recognizing of intangible assets.

	2007 R	Restated 2006 R
1 LONG-TERM LIABILITIES		
External Loans	26 782 127	16 602 699
Unspent Loans	1 496 754	5 328 382
Sub-Total	28 278 881	21 931 081
Less: Current portion transferred to current liabilities	3 409 469	2 486 767
External Loans	3 409 469	2 486 767
Net External Loans - Long term	24 869 412	19 444 314
2 CONSUMER DEPOSITS		
Electricity and Water	5 410 826	4 710 977
Total Consumer Deposits	5 410 826	4 710 977

3 PROVISIONS

	Leave Provision	Audit fee provision	Total
Opening Balance	5 163 372	680 000	5 843 372
Movement for the year	-	(680 000)	(680 000)
Utilised	(1 268 974)	-	(1 268 974)
Increase in the provision	1 268 974	(680 000)	588 974
Closing balance	5 163 372	-	5 163 372

The leave pay provision relates to vested leave pay to which employees may become entitled upon leaving the employment of the Municipality. The provision arises as employees render a service that increases their entitlement to future compensated leave. The provision is utilised when employees who are entitled to leave pay, leave the employment of the Municipality or when the accrued leave due to an employee, is utilised

Management did not accrue for audit fees as the audit is only performed after year end.

4 Trade payables		
Trade Payables	13 514 149	7 567 637
Payments received in advance	13 170 411	7 407 831
Retentions	1 378 301	-
Other payables	36 312 249	36 446 238
Deposits - Other	99 057	32 824
	64 474 167	(51 454 530)
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Municipal infrastructure Grants (MIG)	(1 437 219)	(2 199 507)
Provincial Local Economy Development (LED) Projects	(3 420 926)	(2 705 917)
Department of local government	-	(531 334)
Thusang Conventional Centre	(898 043)	(898 043)
National Treasury	(183 500)	-
Bontle Ke Botho Cleaning Campaign	(218 400)	(218 400)
Department of Mineral and Energy (DME)	-	(127 517)
Makiti	-	(30 623)
Department of Sports and Recreation	(202 013)	-
Sedibeng District Council (Clinic)	(1 018 970)	-
HIV Grant	(900 000)	(900 000)
Total Conditional Grants and Receipts	(4 858 145)	(4 905 424)

5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS (CONTINUE)

	2007 R	Restated 2006 R
5.1 Municipal infrastructure Grants (MIG)		
Balance unspent at beginning of year	**(2 199 507)**	**-**
Current year receipts	**(12 656 151)**	**(6 539 563)**
Conditions met - transferred to revenue	**13 418 439**	**4 340 056**
Conditions still to be met- transferred to liabilities	**(1 437 219)**	**(2 199 507)**
This grant was used for Capital projects		
5.2 Provincial Local Economy Development (LED) Projects		
Balance unspent at beginning of year	**(531 334)**	**(281 334)**
Current year receipts	**-**	**(250 000)**
Conditions met - transferred to revenue	**531 334**	**-**
Conditions still to be met- transferred to liabilities	**-**	**(531 334)**
This grant was used to contribute to basic services		
5.3 Thusang Conventional Centre		
Balance unspent at beginning of year	**(898 043)**	**(1 955 078)**
Current year receipts	**-**	**-**
Conditions met - transferred to revenue	**-**	**1 057 035**
Conditions still to be met- transferred to liabilities	**(898 043)**	**(898 043)**
This grant will be used to build the Coven ional Centre		
5.4 National Treasury		
Balance unspent at beginning of year	**-**	**(524 544)**
Current year receipts	**(500 000)**	**-**
Conditions met - transferred to revenue	**316 500**	**524 544**
Conditions still to be met- transferred to liabilities	**(183 500)**	**-**
This grant was used to finance the cost in respect of the Interns and to update the asset register		
5.5 Bontle Ke Botho Cleaning Campaign		
Balance unspent at beginning of year	**(218 400)**	**(155 000)**
Current year receipts	**-**	**(90 000)**
Conditions met - transferred to revenue	**-**	**26 600**
Conditions still to be met- transferred to liabilities	**(218 400)**	**(218 400)**
This balance of this grant will be used to finance the cleaning campaign		
5.6 Department of Mineral and Energy (DME)		
Balance unspent at beginning of year	**(127 517)**	**(120 051)**
Current year receipts	**-**	**(7 466)**
Conditions met - transferred to revenue	**127 517**	**-**
Conditions still to be met- transferred to liabilities	**-**	**(127 517)**
This grant was used for operational expenditure		

	2007 R	Restated 2006 R
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS (CONTINUE)		
5.7 Makiti		
Balance unspent at beginning of year	(30 623)	(11 300)
Current year receipts	-	(19 323)
Conditions met - transferred to revenue	30 623	-
Conditions still to be met- transferred to liabilities	-	(30 623)
This grant will be used to finance the relevant operational expenditure		
5.8 Department of Sports and Recreation		
Balance unspent at beginning of year	-	-
Current year receipts	(700 000)	-
Conditions met - transferred to revenue	(497 987)	-
Conditions still to be met- transferred to liabilities	202 013	-
This grant will be used to erect the soccer field		
5.9 Sedibeng District Council (Clinic)		
Balance unspent at beginning of year	-	-
Current year receipts	(1 018 970)	-
Conditions met - transferred to revenue	-	-
Conditions still to be met- transferred to liabilities	(1 018 970)	-
This grant will be used to upgrade the Meyerton Clinic		
5.10 HIV Grant		
Balance unspent at beginning of year	(900 000)	-
Current year receipts	(610 000)	-
Conditions met - transferred to revenue	610 000	(900 000)
Conditions still to be met- transferred to liabilities (see note 6)	(900 000)	(900 000)
The HIV programme will be financed with this grant		

6 PROPERTY, PLANT AND EQUIPMENT

As a result of the adoption of GAMAP 17 -Property plant and equipment-, Midvaal Local Municipality performed a detailed review of the fixed asset register with the assistance of independent third parties. This entailed a full physical count of all fixed asset and updating the values to reflect the current estimated net book value. This resulted in large adjustments mainly because of asset not previously recorded and asset reflecting at incorrected values. For further detail of the adjustment made refer to note 22.

These adjustments were made retrospectively as the Municipality was unable to determine depreciation for the year ended 30 June 2006 due to the number of significant adjustments made. It was not possible to determine the period to which these adjustments related. As a result the provision of GAMAP 17 could only be applied from 1 July 2006.

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2006	19 743 273	491 688 928	31 196 896	25 058 982	567 688 079
Cost	19 743 273	195 321 749	38 033 807	30 507 689	283 606 518
Prior year restatement (Note 22)	-	296 367 179	(6 836 911)	(5 448 707)	284 081 561
Acquisitions	-	27 230 767	1 443 455	8 003 066	36 677 287
Depreciation	-	(54 844 698)	(1 485 852)	(11 460 333)	(67 790 883)
Carrying values at 30 June 2007	19 743 273	464 074 996	31 154 499	21 601 715	536 574 483
Cost	19 743 273	518 919 695	32 640 351	33 062 048	604 365 366
Accumulated depreciation	-	(54 844 698)	(1 485 852)	(11 460 333)	(67 790 883)

The annual depreciation rates are based on the following estimated asset lives:-

Description	Useful life
Buildings	30 years
Motor vehicles	5 years
Office equipment/computers	3-5 years
Furniture and Fittings	3-5 years

	2007	Restated 2006
	R	R
7 INVESTMENTS		
ABSA	10 000 000	15 000 000
Nedbank	13 000 000	8 000 000
First National	5 000 000	11 000 000
Standard Bank	10 000 000	5 000 000
Total	38 000 000	39 000 000
8 INVENTORY		
Fuel	11 659	89 702
Water - at cost	72 551	-
Total Inventory	84 210	89 702
9 CONSUMER RECEIVABLES		
Service debtors	37 427 056	30 046 092
Other	34 177 029	15 860 249
Provision for bad debt	(20 010 968)	(17 666 579)
	51 593 117	28 239 762

	2007 R	Restated 2006 R
9 CONSUMER RECEIVABLES (CONTINUED)		
Reconciliation of the bad debt provision		
Balance at beginning of year	17 666 579	19 378 471
Increase in provision	5 078 515	1 387 048
Bad debts written off against provision	(2 734 126)	(3 098 940)
Balance at end of year	20 010 968	17 666 579

The provision for doubtful receivables covers losses where there is objective evidence that the municipality incurred a loss at the balance sheet date. These incurred loss events have been estimated based upon historical patterns of losses. When a receivable is uncollectible, it is written off to the income statement. Subsequent recoveries are credited to the income statement.

10 OTHER RECEIVABLES		
Sundry Receivables	8 511 959	8 008 356
Value Added Taxation (VAT)	4 459 792	-
	12 971 751	8 008 356

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

11 BANK BALANCES AND CASH		
The municipality has the following bank accounts:-		
Current Account (Primary Bank Account)		
ABSA Bank Ltd - Public Gauteng East Branch - Account Number 405 320 3845		
Bank balances and cash at beginning of year	5 829 097	1 214 485
Bank balances and cash at end of year	8 899 610	5 829 097
Bank statement balance at beginning of year	12 009 999	3 068 304
Bank statement balance at end of year	8 355 043	12 009 999
Guarantees held in lieu of Electricity and Water Deposits	246 000	246 400

12 PROPERTY RATES		
Actual		
Residential	28 122 704	26 699 139
Commercial	20 166 229	16 547 823
State	896 542	954 978
Total Assessment Rates	49 185 475	44 201 940

Valuations	*Jul-07 R000'*	*Jul-06 R000'*
Residential	511 148	503 715
Commercial	114 127	89 716
State	17 561	17 656
Municipal	19 377	38 546
Total Property Valuations	662 213	649 633

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2002. Interim valuations are processed as needed. A new valuation roll will come into effect from 1 July 2007

13 SERVICE CHARGES		
Sale of Electricity	51 806 735	45 585 253
Sale of Water	46 651 315	40 187 724
Refuse Removal	9 135 263	8 120 828
Sewerage and sanitation charges	14 717 480	13 215 782
Total Service Charges	122 310 793	107 109 587

	2007 R	Restated 2006 R
14 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable Share	42 602 835	21 507 747
Capital expenditure grants conditions met	8 341 295	13 970 706
Total Government Grants and Subsidies	50 944 130	35 478 453

14.1 Equitable Share

In terms of the Constitution, this grant is partially used to subsidise the provision of basic service to indigent community members. All registered indigents receive a subsidy of R 87 per month [2006;R87] from this grant.

15 OTHER INCOME		
New Service Connection Fees	1 920 600	2 219 552
Re - Connection Fees	1 333 300	1 001 190
Building Plan Fees	1 872 918	1 753 885
Prepaid Services	13 300 285	10 752 616
Sundry income	2 274 004	2 785 583
Other income	20 701 107	18 512 826

16 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	47 223 883	39 131 471
Employee related costs - Contributions for UIF, pensions and medical aids	13 359 376	13 040 155
Travel, motor car, accommodation, subsistence and other allowances	4 009 589	3 332 404
Housing benefits and allowances	833 490	788 257
Overtime payments	3 553 401	4 376 230
Leave bonus	4 716 743	4 151 038
Total Employee Related Costs	73 696 482	64 819 555

Remuneration of the Municipal Manager

Annual Remuneration	826 940	599 105
Performance Bonuses	161 625	96 000
Car Allowance	72 000	63 387
Contribution to UIF, Medical and pension Funds	68 457	140 748
Total	1 129 022	899 240

Remuneration of the Chief Financial Officer

Annual Remuneration	571 464	459 140
Performance Bonuses	138 104	112 699
Car Allowance	168 000	81 100
Contribution to UIF, Medical and pension Funds	87 151	120 265
Total	964 719	773 204

Remuneration of Individual Executive Directors

	Technical Services R	Corporate Services R	Community Services R
Annual Remuneration	729 180	673 003	626 292
Performance Bonuses	138 104	138 104	138 104
Car Allowance	96 000	96 000	78 000
Contribution to UIF, Medical and pension Funds	1 435	57 612	122 323
Total	964 719	964 719	964 719

16 EMPLOYEE RELATED COSTS (CONTINUE)

	Protection Services	Development & Planning	Director Human Resources
Annual Remuneration	R	R	R
Performance Bonuses			
Car Allowance	674 388	708 084	648 812
Contribution to UIF, Medical and pension Funds	138 104	110 483	125 157
Total	60 000	96 000	36 000
	92 227	22 531	64 307
	964 719	937 098	874 276

	2007 R	Restated 2006 R
17 REMUNERATION OF COUNCILLORS		
Executive Mayor	448 096	411 057
Speaker	199 618	180 865
Mayoral Committee Members	1 018 269	924 879
Councillors	1 804 035	576 874
Total Councillors' Remuneration	3 470 018	2 093 675

In-kind Benefits

The Mayor, Speaker, Whip and 3 Executive Committee Member are full-time. Each is provided with an office and secretarial support at the cost of the Council. Remuneration of Councillors are according to Section 219(1)b of the Constitution

18 INTEREST PAID		
Total Interest on External Borrowings	2 493 635	2 268 205
19 BULK PURCHASES		
Electricity	35 457 527	30 708 978
Water	30 256 135	25 500 846
Total Bulk Purchases	65 713 662	56 209 824
20 GRANTS AND SUBSIDIES PAID		
Grant paid to Meyerton Golf club		
Grant to Childcare	48 000	48 000
	422	4 795
	48 422	52 795
21 GENERAL EXPENSES		
Included in general expenses are the following:-		
Valuation Roll	1 655 057	50 537
Fuel	2 469 392	2 307 070
Computer Services	1 063 400	1 221 384
New Service Connections	1 266 433	139 836
Services to informal settlements	2 605 618	-
Rental	3 587 407	3 015 780
Telecommunications	1 239 821	1 348 214
Wasteful expenditure (Note 27)	5 044 984	-
Sundry expenses	20 649 214	43 830 913
	39 581 326	51 915 389

22 RESTATEMENT

Midvaal local municipality made the following restatements:

22.1 Reserves

Statutory funds and Reserves funds were unbundled due to change in accounting policies. Statutory funds and Reserves funds as stated per the prior year annual financial statement were combined into the Capital Replacement Reserves. The nature of these reserves did not change and consists of contributions received from the public when they request their land to be subdived etc. The change was not made retrospectively as statutory funds and reserves could not be unbundled prior to 30 June 2006. Thus comparative amounts have not been restated in line of GRAP 3 as it was not possible to identify all the balances and transactions included in statutory funds and reserves.

22.2 Trade payable and Unspent grants

The R1 826 771 adjustment relates to an understatement of an prior year accrual corrected in the current financial period. The amount of R900 000 relates to an amount previously recorded as income however the recognition criteria and condition was not met and the balance therefore restated.

22.3 Property, plant and equipment

A number of significant adjustments were made to Property, plant and equipment. The cost value of a significant number of property, plant and equipment were adjusted to reflect the correct cost value mainly as a result of donated assets, assets financed by external parties recorded at incorrected prior period values in the fixed asset register. In prior periods the assets on the Fixed Asset Register were reduced in value based on repayment terms and periods according to the IMFO accounting policies. Refer item 4 below. It was not possible to restate retrospectively as the expert valuators did not have the necessary information for prior periods.

22.4 Property, plant and equipment

In the prior year Loans redeemed and other capital receipts were netted off against property plant and equipment. Loans redeemed and other capital receipts consisted of amounts paid to redeem external loans as well as amounts of grants used to purchase fixed assets. This treatment resulted in the asset effectively being written off over the period of the external loan rather than the expected useful life. The adjustment to record these amounts at their original cost resulted in a adjustment of R160 951 963. The adjustment to reflected these assets at their new estimated net book values is included in the adjustment discussed in item 3.

In prior years assets acquired out of grants receipts and public contributions were recorded at the cost, however the grant or donation received was reflected off against these assets as part of the loans redeemed and other capital receipts. These assets were restated to reflect the current fair value.

	2006 Previously Stated	<1> GRAP 3	<2> GRAP 3	<3> GRAP 3	<4> GRAP 3	2006 Restated
Balance sheet						
Statutory funds	(32 804 887)	32 804 887	-	-	-	-
Reserves	(2 468 471)	2 468 471	-	-	-	-
Capital Replacement Reserve	-	(35 273 358)	-	-	-	(35 273 358)
Government grant reserve	-	-	-	-	(88 828 787)	(88 828 787)
Donations and public contributions reserves	-	-	-	-	(4 337 480)	(4 337 480)
Property, plant and equipment	29 488 288	-	-	284 081 561	254 118 230	567 688 079
Total fixed assets	283 606 518	-	-	284 081 561	-	567 688 079
Loans redeemed and other capital receipts	(254 118 230)	-	-	-	254 118 230	-
Trade payables	(49 627 759)	-	(1 826 771)	-	-	(51 454 530)
Unspent grants	(4 005 424)	-	(900 000)	-	-	(4 905 424)
Accumulated Surplus/(Deficit)	10 736 766	-	2 726 771	(284 081 561)	(160 951 963)	(431 569 987)
	(48 681 487)	-	-	-	-	(48 681 487)

A reconciliation of the surplus/(deficit) reported in the previous years annual financial statements to the restated comparative amounts included in the statements of Financial Performance is set out below:-

Deficit for the year ended 30 June 2006 as previously stated	(15 170 533)
Restatements	
Contribution to Funds	1 387 049
Bulk contributions (Other income Funds)	2 354 892
Operating expenditure directly from Funds	(1 744 255)
Other income directly to Funds (Other income Funds)	15 541 333
Property, plant and equipment purchased from grants	13 970 706
Interest on external investments	212 235
Redemption of external loans	2 548 991
Restated Surplus for the year ended 30 June 2006	19 100 418

23 CHANGES IN ACCOUNTING POLICIES

Due to changes in the accounting policies comparative figures differ from the previous year.
For a description of the nature of these changes, refer to note 22
The changes to the accounting policies has been applied prospecticly, the comparative amounts have been restated in line with GRAP 3.

24 RECONCILIATION OF NOT CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS

	2007 R	Restated 2006 R
(Deficit)/Surplus for the year	(20 071 832)	19 100 418
Non-cash movements:		
Depreciation	67 790 883	-
Increase (decrease) in provision for bad debts	2 344 389	(1 711 892)
Increase/(decrease) in trade payables	13 019 637	(6 047 918)
(Decrease)/increase unspent conditional grants and receipts	(47 279)	1 575 153
Decrease/(increase) in inventories	5 492	(8 037)
Increase government grant reserve	6 953 191	-
(Decrease)/increase in provisions	(680 000)	226 236
Increase in consumer deposits	699 849	280 769
Increase in non cash flow items relating to reserves recorded in the income statement	(28 772 909)	(36 997 722)
Increase/(decrease) in capital replacement reserve	13 675 042	14 221 146
Increase/(decrease) in donations and public contributions reserve	8 144 676	(2 162 943)
Increase/(decrease) in trade and other receivables	(30 661 139)	7 032 033
Net cash flows from operating activities	32 400 000	(4 492 757)

25 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Bank balances and cash	8 899 610	5 829 097
Investment deposits	38 000 000	39 000 000
Total cash and cash equivalents	46 899 610	44 829 097

26 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 1)	28 278 881	21 931 081
Used to finance property, plant and equipment - at cost	(26 782 127)	(16 602 699)
Sub-total	1 496 754	5 328 382
Cash set aside for the repayment of long-term liabilities	3 409 469	2 486 787
Cash invested for repayment of long-term liabilities (see note 1)	3 409 469	2 486 787

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

	2007 R	Restated 2006 R
27 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
Fruitless and wasteful expenditure		
Irregular expenditure awaiting condonement - Sewer Network	5 044 984	-
Fruitless expenditure - prepaid electricity	759 392	-
	5 804 376	-

Sewer network

The construction of the sewer network at Riversdal seems to be sub standard and according to the consulting engineers the total original cost paid to the contractor can be wasteful

Prepaid electricity

Prepaid electricity sold via a customer not recoverable. Balance is in arrears with excessive amounts and is included in the provision for bad debt

28 SUNDRY ISSUES

28.1 PAYE and UIF		
Amount paid - current year	10 138 601	9 037 907
28.2 VAT		

VAT inputs receivables and VAT outputs receivables are shown in note 10. All VAT returns have been submitted by the due date throughout the year.

28.3 Pension and Medical Aid Deductions		
Amount paid - current year Pension	12 312 390	11 122 896
Amount paid - current year Medical	6 132 305	5 544 709

29 RETIREMENT BENEFIT INFORMATION

Council and employees contribute towards the under-mentioned Pension Funds whose operations are subject to the Pension Fund Act, 1956. Although a request was sent to the funds, only some actuarial valuations were received to assess whether the funds are in a sound financial position. Therefore a contingent liability may exist which is undisclosed. Management are of the opinion that the contingent liability will not be of a material amount.

The Council subscribes to the following pension funds:

- Municipal Gratuity Fund
- Municipal Employees Pension Fund
- Joint Municipal Employees Pension Fund
- Germiston Municipal Retirement Fund
- Old Mutual Sala Pension Fund
- National Fund For Municipal Workers
- SAMWU National Provident Fund
- Councillors Pension Fund

30 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2).

31 AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

No awards was allocated of more than R2 000 to a person who is a spouse child or parent of a person in the service of the state

32 CONTINGENT LIABILITIES

Management applies its judgement to the fact patterns and advice it receives from its advisors in assessing in an obligation is probable, more likely than not or remote. The judgement is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

MIDVAAL LOCAL MUNICIPALITY

APPENDIX A:SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/04	Received during the period	Redeemed written off during the period	Balance at 30/06/05
LONG-TERM LOANS			**R**	**R**	**R**	**R**
Walkerville	L009/WD	31/12/2007	(110 934)		71 232	(39 701)
Walkerville	L006/WD	30/06/2014	(252 808)		19 101	(233 708)
Walkerville	L007/WD	31/12/2012	(350 604)		34 709	(315 895)
Vaalmarina	L003/VM	30/06/2008	(81 830)		38 268	(43 562)
Vaalmarina	L001/VM	30/06/2014	(1 082 239)		81 768	(1 000 471)
Vaalmarina	L004/VM	31/12/2012	(831 061)		82 273	(748 788)
Vaalmarina	L002/VM	30/06/2014	(87 740)		6 629	(81 111)
Randvaal	L009/RV	31/12/2011	(215 212)		26 543	(188 669)
Randvaal	L010/RV	31/12/2011	(175 159)		21 603	(153 556)
Randvaal	L012/RV	31/12/2008	(22 222)		7 848	(14 374)
Randvaal	L014/RV	30/06/2009	(12 750)		3 544	(9 206)
Randvaal	L017/RV	31/12/2010	(294 719)		47 621	(247 097)
Randvaal	L023/RV	30/06/2015	(684 716)		42 849	(641 867)
Randvaal	L024/RV	31/12/2009	(627 893)		143 530	(484 362)
Midvaal	L023/M	30/06/2020	(6 973 247)		263 346	(6 709 902)
Midvaal	L022/M	30/06/2012	(7 136 164)		943 614	(6 192 549)
Midvaal	L021/M	30/06/2010	(2 991 783)		652 287	(2 339 496)
Midvaal	L024/M	30/06/2017	-	(6 422 041)	-	(6 422 041)
			-			-
Midvaal Inca	MIDV-00-0001	30/09/2013	-	(2 600 000)	187 474	(2 412 526)
Stock Loan @ XX%						-
Stock Loan @ XX%						-
Stock Loan @ XX%						-
Total long-term loans			**-21 931 081**	**(9 022 041)**	**2 674 241**	**(28 278 881)**
ANNUITY LOAN						
Lender @ XX%						**-**
GOVERNMENT LOANS						
- Other @ XX%						-
Total Government Loans			**-**	**-**	**-**	**-**
LEASE LIABILITY						
Infrastructure @ XX%						-
TOTAL EXTERNAL LOANS			**-21 931 081**	**(9 022 041)**	**2 674 241**	**(28 278 881)**

MIDVAAL LOCAL MUNICIPALITY

APPENDIX B: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost/Revaluation					Accumulated Depreciation			
	Opening Balance as previously stated 01-Jul-06	Fair Value adjustments	Adjusted opening balance	Additions	Closing Balance 30-Jun-07	Opening Balance 01-Jul-06	Depreciation	Closing Balance 30-Jun-07	Carrying Value 30-Jun-07
Land and Buildings									
Land	19 743 286	0	19 743 286	8 521 997	28 265 283		0	0	28 265 283
Buildings		0	0	2 200 000	2 200 000		0	0	2 200 000
	19 743 286	**0**	**19 743 286**	**10 721 997**	30 465 283	**0**	**0**	**0**	**30 465 283**
Infrastructure		0							
Billboards	298 417	-22 130	276 287		276 287	0	29 841	29 841	246 446
Roads & Bridges	75 163 875	113 961 186	189 125 061	192 327	189 317 388	0	25 197 740	25 197 740	164 119 648
Electricity Network	30 186 350	50 399 535	80 585 885	7 135 786	87 721 671	0	8 017 697	8 017 697	79 703 974
Fencing	1 689 151	-948 716	740 435		740 435	0	480 940	480 940	259 495
Master Plans	141 174	-29 020	112 154		112 154	0	9 411	9 411	102 743
Security Systems	348 742	-71 986	276 756		276 756	0	114 860	114 860	161 896
Sewer Network	51 237 459	-2 958 091	48 279 368	9 935 407	58 214 775	0	3 867 058	3 867 058	54 347 717
Water Network	36 257 378	136 024 553	172 281 931	5 084 839	177 366 770	0	17 116 268	17 116 268	160 250 502
	195 322 546	**296 355 331**	**491 677 877**	**22 348 359**	514 026 236	**0**	**54 833 815**	**54 833 815**	**459 192 421**
Community Assets									
Clinics	4 722 364	-1 399 372	3 322 992		3 322 992	0	157 412	157 412	3 165 580
Community Centres	2 527 230	-112 751	2 414 479		2 414 479	0	84 240	84 240	2 330 239
Electricity Substations	3 423 656	-655 846	2 767 810		2 767 810	0	114 121	114 121	2 653 689
Flood Lights	5 947	229 863	235 810		235 810	0	46 297	46 297	189 513
Housing	167 444	-6 047	161 397		161 397	0	5 581	5 581	155 816
Landfill Sites	4 472 284	-751 483	3 720 801	334 511	4 055 312	0	167 055	167 055	3 888 257
Libraries	3 298 049	-1 081 280	2 216 769		2 216 769	0	109 934	109 934	2 106 835
Municipal Offices	6 795 606	-1 669 812	5 125 794		5 125 794	0	240 520	240 520	4 885 274
Old Age Homes	234 950	-35 690	199 260		199 260	0	7 831	7 831	191 429
Sport Facilities	4 863 632	-245 863	4 617 769	1 491 004	6 108 773	0	316 853	316 853	5 791 920
Taxi Ranks	42 740	-12 941	29 799		29 799	0	1 424	1 424	28 375
Water Pump Stations	7 479 103	-1 095 690	6 383 413		6 383 413	0	249 330	249 330	6 134 083
CBD Development		0	0	411 758	411 758		54 728	54 728	357 030
	38 033 005	**-6 836 912**	**31 196 093**	**2 237 273**	33 433 366	**0**	**1 555 326**	**1 555 326**	**31 878 040**
Total carried forward	253 098 837	289 518 419	542 617 256	35 307 629	577 924 885	0	56 389 141	56 389 141	521 535 744

APPENDIX B

MIDVAAL LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost					Accumulated Depreciation			
	Opening Balance as previously stated 01-Jul-06	Fair Value adjustments	Adjusted opening balance	Additions	Closing Balance 30-Jun-07	Opening 01-Jul-06	Depreciation	Closing Balance 30-Jun-07	Carrying Value 30-Jun-07
Total brought forward	**253 098 837**	**289 518 419**	**542 617 256**	**35 307 629**	**577 924 885**	**0**	**56 389 141**	**56 389 141**	**521 535 744**
Other Assets									
Computer Equipment	4 492 887	-3 109 238	1 383 649	80 069	1 463 718	0	665 096	665 096	798 622
Emergency Equipment	1 535 094	-657 400	877 694		877 694	0	210 625	210 625	667 069
Furniture & Fittings	2 132 999	23 345	2 156 344	38 118	2 194 462	0	937 283	937 283	1 257 179
Machinery & Equipment	4 561 125	-278 697	4 282 428	358 575	4 641 003	0	1 771 716	1 771 716	2 869 287
Motor vehicles	16 556 239	-927 720	15 628 519	865 537	16 494 056	0	7 505 934	7 505 934	8 988 122
Office Equipment	754 713	-303 548	451 165	27 359	478 524	0	263 626	263 626	214 898
Refuse Containers	474 624	-183 600	291 024		291 024	0	47 462	47 462	243 562
	30 507 681	-5 436 858	25 070 823	1 369 658	26 440 481	0	11 401 742	11 401 742	15 038 739
Total	**283 606 518**	**284 081 561**	**567 688 079**	**36 677 287**	**604 365 366**	**0**	**67 790 883**	**67 790 883**	**536 574 483**

MIDVAAL LOCAL MUNICIPALITY

APPENDIX C : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost/Revaluation				Accumulated Depreciation			
	Opening Balance	Fair Value	Additions	Closing Balance	Opening Balance	Depreciation	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R
Executive and Council	10 999 551	(1 714 587)		9 284 964	-	772 348	772 348	8 512 616
Finance and Admin	2 770 698	593 574	2 456 178	5 820 450	-	1 862 088	1 862 088	3 958 362
Planning and Development	3 156 390	(280 963)	411 758	3 287 185	-	503 716	503 716	2 783 469
Health	3 269 472	(475 157)	43 519	2 837 834	-	531 747	531 747	2 306 087
Housing	167 444	(6 047)		161 397	-	5 581	5 581	155 816
Community and Social Services	5 511 612	(1 671 285)	5 741 899	9 582 226	-	317 798	317 798	9 264 428
Sport and Recreation	9 426 305	(1 043 248)	1 650 288	10 033 345	-	1 924 271	1 924 271	8 109 074
Social Services	4 975 530	-		4 975 530	-	-	-	4 975 530
Waste Management	12 975 651	(3 600 686)	348 147	9 723 112	-	3 685 820	3 685 820	6 037 292
Waste Water Management	58 312 339	(819 939)	9 965 727	67 458 127	-	4 962 867	4 962 867	62 495 260
Road transport	78 595 217	114 802 386	192 327	193 589 930	-	27 872 236	27 872 236	165 717 694
Water	40 188 563	131 829 115	5 100 369	177 118 047	-	14 858 287	14 858 287	162 259 760
Electricity	36 542 665	48 998 411	7 484 116	93 025 192	-	8 694 943	8 694 943	84 330 249
Protection Services	4 569 886	(2 530 014)	3 282 959	5 322 831	-	1 799 181	1 799 181	3 523 650
Other	12 145 195			12 145 195		-	-	12 145 195
Total	**283 606 518**	**284 081 561**	**36 677 287**	**604 365 366**		**67 790 883**	**67 790 883**	**536 574 483**

MIDVAAL LOCAL MUNICIPALITY

APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

Adjusted2006 Actual Income R	Adjusted2006 Actual Expenditure R	2006 (Surplus)/ Deficit R		2007 Actual Income R	2007 Actual Expenditure R	2007 (Surplus)/ Deficit R
(12 626 974)	25 991 135	13 364 161	Executive & Council	(573 971)	18 635 966	18 061 995
(73 040 525)	16 069 320	(56 971 205)	Finance & Admin	(58 068 279)	26 335 150	(31 733 129)
6 380 141	7 765 106	14 145 247	Planning & Development	(25 789 274)	9 466 165	(16 323 109)
-	4 903 861	4 903 861	Health	-	5 129 812	5 129 812
(5 808 915)	2 918 293	(2 890 622)	Community & Social Services	(8 993 188)	5 593 567	(3 399 621)
-	459 678	459 678	Housing	(8 341 295)	496 577	(7 844 718)
1 719 094	14 866 720	16 585 814	Public Safety	(2 337 540)	17 116 618	14 779 078
(60 941)	9 559 373	9 498 432	Sport & Recreation	(1 185 160)	10 953 716	9 768 556
(905 901)	905 901	-	Environmental Protection	(1 177 036)	1 177 036	-
(39 930 171)	35 059 090	(4 871 081)	Waste Management	(38 429 045)	36 088 144	(2 340 901)
(5 955)	17 176 894	17 170 939	Road Transport	-	45 100 135	45 100 135
(44 949 800)	34 410 450	(10 539 350)	Water	(57 289 516)	58 247 876	958 360
(64 239 751)	44 163 063	(20 076 688)	Electricity	(72 923 759)	60 313 966	(12 609 793)
-	120 396	120 396	Enginering Administration	(78 126)	603 293	525 167
(233 469 698)	214 369 280	(19 100 418)	Sub Total	(275 186 189)	295 258 021	20 071 832

MIDVAAL LOCAL MUNICIPALITY

APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

REVENUE	2007 Actual (R)	2007 Budget (R)	2007 Variance (R)	2007 Variance (%)
Property rates	49 185 475	48 100 000	1 085 475	226%
Service charges	122 310 793	118 050 000	4 260 793	361%
Rental of facilities and equipment	420 300	1 063 000	(642 700)	-6046%
Interest earned - external investments	4 510 822	3 800 000	710 822	1871%
Interest earned - outstanding debtors	3 405 314	3 100 000	305 314	985%
Fines	50 944 130	1 603 500	49 340 630	307706%
Government grants and subsidies	1 851 764	27 519 324	(25 667 560)	-9327%
Other income	20 701 107	32 538 300	(11 837 193)	-3638%
Public contributions, donated/contributed PPE	21 856 484		21 856 484	100%
Total Revenue	**275 186 189**	**235 774 124**	39 412 065	1672%
EXPENDITURE				
Executive & Council	18 635 966	18 447 174	188 792	102%
Finance & Admin	26 335 150	21 073 836	5 261 314	2497%
Planning & Development	9 466 165	9 104 787	361 378	397%
Health	5 129 812	4 584 747	545 065	1189%
Community & Social Services	5 593 567	5 315 377	278 190	523%
Housing	496 577	532 666	(36 089)	-678%
Public Safety	17 116 618	17 268 200	(151 582)	-88%
Sport & Recreation	10 953 716	10 274 272	679 444	661%
Environmental Protection	1 177 036	1 251 519	(74 483)	-595%
Waste Management	36 088 144	27 583 205	8 504 939	3083%
Road Transport	45 100 135	20 368 412	24 731 723	12142%
Water	58 247 876	35 757 114	22 490 762	6290%
Electricity	60 313 966	61 981 509	(1 667 543)	-269%
Enginering Administration	603 293	309 123	294 170	9516%
Total Expenditure	**295 258 021**	**233 851 941**	61 406 080	2626%
NET SURPLUS/(DEFICIT) FOR THE YEAR	**(20 071 832)**	**1 922 183**	(21 994 015)	-114422%

Explanation of Significant Variances greater than 10% versus Budget
All rental aggreement not in place (Over budget)
Connection fees electricity do not realize
Purchase of water demand higher than expected
New connections to developments not done
Contracted sevices.Service providers not employed as expected

MIDVAAL LOCAL MUNICIPALITY

APPENDIX E(2): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual	2007 Budget	2007 Variance	2007 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	%	*(Explanations to be recorded)*
Executive & Council	-	7 378 000	7 378 000	10000%	
Finance & Admin	2 456 178	152 000	(2 304 178)	(1 516)	
Planning & Development	411 758	9 200 000	8 788 242	9552%	
Health	43 519	46 800	3 281	701%	
Community & Social Services	-	9 888 000	9 888 000	100	
Public Safety	5 741 899	1 045 000	(4 696 899)	-44946%	
Parks & Recreation	1 650 288	3 333 300	1 683 012	5049%	
Engineering Admin	-	208 000	208 000	10000%	
Main Sewer	348 147	26 440 637	26 092 490	9868%	
Purification	9 965 727	16 352	(9 949 375)	(60 845)	
Solid Waste	192 327	1 080 000	887 673	8219%	
Road Transport	5 100 369	962 000	(4 138 369)	(430)	
Water	7 484 116	10 620 886	3 136 770	2953%	
Electricity	3 282 959	11 226 330	7 943 371	7076%	
Fire	-	3 125 262	3 125 262	10000%	
TOTAL	**36 677 287**	**84 722 567**	**48 045 280**	**5671%**	

APPENDIX F (1) - ELECTRICITY STATISTICS

NUMBER OF CONSUMERS

(DOMESTIC/COMMERCIAL)

KOBUSP/NAVRAE:ELECPG25)

2003/04	6 269
2004/05	8 763
2005/06	9 016
2006/07	10 119

NUMBERS OF UNITS PURCHASED

2003/04	163 197 352
2004/05	160 508 563
2005/06	172 460 816
2006/07	182 952 040

NUMBERS OF UNITS SOLD

2003/04	151 336 377
2004/05	150 720 814
2005/06	150 979 829
2006/07	170 721 715

LOSS OCCURRED WITH DISTRIBUTION

	UNITS	R	%
2003/04	11 860 975	1 991 292	7.27
2004/05	9 787 749	1 595 667	6.10
2005/06	21 480 987	3 743 949	12.46
2006/07	12 230 325	2 273 001	6.68

COST PER UNIT PURCHASED

2003/04	16.79
2004/05	16.30
2005/06	17.43
2006/07	18.58

COST PER UNIT SOLD

2003/04	26.80
2004/05	27.33
2005/06	29.25
2006/07	30.11

INCOME PER UNIT SOLD

2003/04	29.86
2004/05	32.49
2005/06	33.97
2006/07	33.37

APPENDIX F (2) - WATER STATISTICS

NUMBER OF CONSUMERS

(DOMESTIC/COMMERCIAL)

2003/04	11 828
2004/05	12 067
2005/06	12 504
2006/07	12 764

NUMBER OF KILOLITRE PURCHASED/PURIFIED

2003/04	9 001 237
2004/05	8 600 552
2005/06	9 081 412
2006/07	10 293 574

NUMBER OF KILOLITRE SOLD

2003/04	6 707 865
2004/05	6 674 394
2005/06	6 540 426
2006/07	7 440 042

LOSS OCCURRED WITH DISTRIBUTION

	KILOLITRE	R	%
2003/04	2 293 372	5 765 014	25.48
2004/05	1 926 158	5 114 794	22.40
2005/06	2 540 986	7 109 958	27.98
2006/07	2 853 532	8 271 412	27.72

COST PER KILOLITRE PURCHASED/PURIFIED

2003/04	251.38
2004/05	265.54
2005/06	279.81
2006/07	289.87

COST PER KILOLITRE SOLD

2003/04	454.32
2004/05	486.31
2005/06	526.12
2006/07	549.28

INCOME PER KILOLITRE SOLD

2003/04	471.38
2004/05	512.44
2005/06	540.28
2006/07	565.80

Grants and Subsidies Received

Name of Grants